

# FINAL ACTIONS

August 26, 2004

Senate Bill 1113 (Chapter 208)  
2004-05 Budget Bill

Senate Committee  
on Budget and Fiscal Review

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## **Governor's Vetoes**

## INTRODUCTION

At the end of July, the Legislature passed SB 1113, the 2004-05 Budget Bill (Chapter 208, Statutes of 2004). SB 1113 provides for a balanced budget as required by the State Constitution.

Enclosed is the Senate Final Action Report. The report provides a detailed summary of the 2004-05 budget actions taken by the Senate Budget and Fiscal Review Committee (via the subcommittee process) and the Budget Conference Committee along with the Governor's vetoes.

The report builds on the Major Action Report (issued May 28, 2004) which detailed the Senate version of the proposed 2004-05 budget. The actions are recorded by department or agency which, in turn, are organized by budget subcommittee. The Table of Contents will help you locate the specific departments or agencies that are of interest.

A list of budget trailer bills that were passed by the Legislature is also included. We hope you find this information useful. Please feel free to contact the staff of the Senate Budget and Fiscal Review Committee should you have any questions.

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## GENERAL FUND SUMMARY

2004-05

*(dollars in millions)*

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	<u>2003-04</u>	<u>2004-05</u>
Prior-Year Balance	\$4,178	\$3,127
Revenues and Transfers	76,582	77,251
<b>Total Resources Available</b>	<b>\$80,760</b>	<b>\$80,378</b>
<b>Expenditures</b>	<b>\$77,633</b>	<b>\$78,681</b>
<b>Fund Balance</b>	<b>\$3,127</b>	<b>\$1,697</b>
<b>Reserves:</b>		
Liquidation of Encumbrances	\$929	\$929
Economic Uncertainties	\$2,198	\$768

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## MAJOR FEATURES OF SB 1113

- The 2004 Budget Act (SB 1113) provides a balanced budget as required by the State Constitution.
- Total revised General Fund resources are estimated at \$80.4 billion, while estimated expenditures are approximately \$78.7 billion. (The total budget for all funding sources is projected at \$105.3 billion.)
- According to the Department of Finance, the budget includes a total General Fund reserve of \$768 million. Of this amount, approximately \$466 million is designated for non-Proposition 98 purposes and \$302 million is designated for Proposition 98.

- Does not include any general tax increases, but is premised on revenues from an increase in higher education and resource related fees, suspension of the teachers' tax credit, tax amnesty, and closure of a tax loophole related to the purchase of vehicles, vessels or aircraft purchased outside of California and subsequently brought back into the state within a specified time.
- Contains a Local Government agreement to provide \$2.6 billion in General Fund savings (over a two-year period) to the state while providing protection of future local government revenues.
- Suspends the Proposition 42 transfer of \$1.2 billion to transportation in 2004-05.
- Dedicates \$1.2 billion in new tribal gaming revenue for early repayment of transportation loans to the General Fund.
- Eliminates, as proposed by the Governor, the caps on enrollment for certain Medi-Cal programs as originally proposed by the Governor in his January budget.
- Eliminates, as proposed by the Governor, the 5 percent rate reduction on Medi-Cal fee-for-service rates and the additional 10 percent rate reduction on all Medi-Cal rates as originally proposed by the Governor in his January budget. The 5 percent reduction was eliminated due to a court injunction.
- Maintains all current IHSS program services and eligibility criteria.
- Retains pass-through of the federal January 2005 cost-of-living adjustment (COLA) for the Supplemental Security Income/State Supplementary Program (SSI/SSP) and delays the state COLA until April 2005.
- Maintains CalWORKs grants at their current level.
- Suspends, as proposed by the Governor, the Proposition 98 minimum guarantee saving the state approximately \$2 billion in 2004-05.
- Provides over \$36 million in General Fund to restore outreach programs at UC (\$29.3 million) and CSU (\$7 million). The CSU will redirect \$45 million

internally to restore full funding (\$52 million total) for outreach programs. The Governor's proposal would have eliminated all state funding for these programs.

- Authorizes the issuance of pension obligation bonds to pay \$929 million in state retirement costs. Bonds are financed through the savings generated by requiring new state employees to work for 24 months prior to joining PERS. In 2004-05, this action reduces the state's retirement costs by \$32 million.
- Establishes the Public Benefit Trust Fund and provides that an award of punitive damages shall be apportioned according to a specified formula. The expected budget year revenues from this proposal are \$450 million.
- Authorizes the Administration to make \$300 million in unallocated General Fund reductions during the fiscal year. State operations appropriations may be reduced by as much as 20 percent, and local assistance appropriations may be reduced by as much as 5 percent. Furthermore, no program, project, or function may be reduced by more than the designated percentage.

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**TRAILER BILLS**


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<b>Bill Number</b>	<b>Chapter Number</b>	<b>Topic</b>	<b>Senate Vote</b>	<b>Assembly Vote</b>
SB 1096	Ch 211	Local Government - VLF	29-7	69-9
SB 1097	Ch 225	General Government. Technology, Trade and Commerce agency technical corrections	29-8	77-2
SB 1098	Ch 212	Transportation financing omnibus	38-1	79-1
SB 1099	Ch 210	Transportation -- Prop 42 suspension	27-11	54-26
SB 1100	Ch 226	Taxation	27-11	54-25
SB 1101	Ch 213	Education finance. Prop 98 suspension.	32-6	55-23
SB 1102	Ch 227	General Government omnibus	31-5	78-1
SB 1103	Ch 228	Health omnibus	27-11	58-21
SB 1104	Ch 229	Human Services omnibus	27-11	62-17
SB 1105	Ch 214	Public employee retirement: state employees	35-3	72-8
SB 1106	Ch 215	Pension obligation bonds	27-12	60-20
SB 1107	Ch 230	Resources omnibus	27-11	55-21
SB 1108	Ch 216	Education finance omnibus	32-6	68-7
SB 1110	Ch 217	State employees: State Bargaining Unit 6	27-10	63-14
SB 1111	Ch 218	Veterans Affairs	35-4	59-12
SB 1112	Ch 219	State responsibility area fire protection benefit fee.	31-7	78-2
SB 1113	Ch 208	Budget Act of 2004-05.	28-11	69-11
SB 1119	Ch 209	Ballot measures.	36-3	67-9
SB 1120	Ch 220	Budget Act of 2003: contingencies or emergencies (Deficiency Bill).	28-11	78-0
SB 1448	Ch 233	Pupil assessment (Alpert).	39-0	68-6
SB 1809	Ch 221	Labor Code Private Attorneys General Act of 2004 (Dunn).	38-0	79-0
SCA 4	Res. Ch 133	Local Government Constitutional Amendment (Torlakson).	34-5	64-13
AB 1554	Ch 263	School finance: emergency apportionments and lease financing (Keene).	31-1	71-0

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